

September 24, 2008

United States Environmental Protection Agency
Lynda Priddy, Remedial Project Manager
Environmental Cleanup Office
1200 Sixth Avenue, Suite 900
Seattle, Washington 98101

Re: Notice of Potential Liability Pursuant to Section 107(a) and Request for
Information Pursuant to Section 104(e) of CERCLA, for the Quendall Terminals
Superfund Site, Renton, Washington

Dear Mrs. Priddy:

This letter and enclosures are in response to the Request for Information received by
Vertellus Specialties Inc. ("Respondent") on July 11, 2008. We appreciate the 14-day
extension you approved for our response.

Respondent, its predecessors, successors and their respective affiliates deny all liability,
legal or equitable, for conditions at, or costs incurred or to be incurred, at the Site.
Except as expressly provided in the enclosed response, Respondent, its predecessors,
successors and their respective affiliates make no admission, expressly or by implication,
as to any issue of fact or law, and Respondent, its predecessors, successors and their
respective affiliates reserve all of their rights to formal adjudication of all such issues.
Respondent, its predecessors, successors and their respective affiliates disclaim any
obligation to update or supplement this response (other than to correct any statements
contained herein that the Respondent, its predecessors, successors and their respective
affiliates learn are false or misleading) as such an obligation is beyond the legal authority
of EPA under CERCLA. EPA is always free to submit additional information requests
should it need supplemental or updated information. Notwithstanding the lack of any
legal obligation to do so, Respondent will make reasonable efforts to submit additional
information if and when it becomes available.

If you have any further questions, please contact me at (317) 248-6427.

Sincerely,

VERTELLUS SPECIALTIES INC.

John R. Jones
Director of Regulatory Management

Enclosure

U.S. EPA
CERCLA SECTION 104 (e)
INFORMATION REQUEST
AND
RESPONSE BY RESPONDENT

Respondent: Vertellus Specialties Inc.,
Formerly, Reilly Tar & Chemical Corporation and Reilly Industries,
Inc.

Site: Quendall Terminals
4503 Lake Washington Blvd. N.
Renton, WA

Date: 1917-1971

1. Respondent Information

a. Provide the full legal name and mailing address of the Respondent.

Vertellus Specialties Inc.
300 N. Meridian St., Suite 1500
Indianapolis, IN 46204

b. For each person answering these questions on behalf of the Respondent, provide:

John R. Jones
Director of Regulatory Management
300 N. Meridian St. Suite 1500
Indianapolis, IN 46204
(317) 248-6427 phone (317) 248-6588 fax

Karen Young
Corporate Counsel
300 N. Meridian St. Suite 1500
Indianapolis, IN 46204
(317) 248-6551 phone (317) 248-6588 fax

Anne Frye
Vice President & General Counsel

300 N. Meridian St. Suite 1500
Indianapolis, IN 46204
(317) 248-6512 phone (317) 248-6588 fax

- c. **If Respondent wishes to designate an individual for all future correspondence concerning this Site, please indicate here by providing that individual's name, address, telephone number, and fax number.**

John R. Jones
Vertellus Specialties Inc.
300 N. Meridian St. Suite 1500
Indianapolis, IN 46204
(317) 248-6427
(317) 248-6588 fax

- d. **State the dates during which Respondent held any property interests at or within one-half mile of the above mentioned address.**

Portions of the Site were held in fee simple in the name of Peter C. Reilly beginning March 22, 1916. Our records indicate that Peter C. Reilly was the sole stockholder of Respondent (f/k/a Reilly Tar & Chemical Corporation) on the date of such acquisition. Our records are unclear as to whether the Site was acquired and held by Mr. Reilly for the benefit of Respondent or personally by Mr. Reilly but on an undetermined date after such acquisition, Respondent began using certain portions of the site for its business operations. We were unable to locate a written lease agreement between Peter C. Reilly and Respondent. Upon Mr. Reilly's death, his heirs acquired an interest in the Site for a short period until conveying their collective interest therein to Respondent on December 24, 1956. Our records indicate that on or around June 15, 1971, Respondent executed a certain Real Estate Contract for the sale of the Site to Quendall Terminals, a joint venture composed of Puget Timber Company and Altino Properties, Inc., both Washington corporations. The Real Estate Contract was executed by and between Respondent and Quendall Terminals and Quendall Terminals' obligations thereunder were guaranteed by Barbee Mill Co., Inc., a Washington corporation, and J.H. Baxter & Co., a California corporation.

During Respondent's period of ownership, our records indicate that there were several conveyances of fee simple interest of portions of the Site by Respondent to third parties, including, without limitation, a conveyance to J.H. Baxter & Co., a California corporation, on September 2, 1958 and various conveyances to governmental entities for right-of-way and other purposes. We have provided electronic copies of all deeds of conveyance held in our property records under the folder titled "Ownership Documents-1d."

Our records also indicate that portions of Site were leased to various third parties during Mr. Reilly's and Respondent's periods of ownership. We have provided

electronic copies of all written leases under the folder titled "Leasing Related Documents-1d."

e. State the dates during which Respondent conducted any business activity at or within one-half mile of the above mentioned address.

As mentioned in our response to question 1(d) above, our records are unclear regarding how much time transpired between the date that Peter C. Reilly acquired the Site and Respondent's commencement of operations thereon. Other than as set forth below, our records do not indicate that Respondent conducted any business activities within one-half mile of the Site. Included in the folder titled "Plant Cessation-1e" is an electronic copy of a letter from Respondent to the Assistant Attorney General of the State of Washington dated June 16, 1971 in which Respondent indicates that it discontinued its refinery operation and has razed its buildings and equipment from the Site except for certain tankage and acknowledges the concluded negotiations for the contract sale of the Site to Quendall Terminals.

In addition to Respondent's fee simple interest in the Site, our records indicate that Respondent also held various leasehold interests in connection with the Site pursuant to various leases, including without limitation, to the following written leases:

1. Lease dated July 15, 1918 between Respondent and Northern Pacific Railway Company (the lease for allowed annual renewals but our records do not clearly indicate a date of expiration, termination or assignment).
2. Lease dated July November 15, 1918 between Respondent and Northern Pacific Railway Company (the lease allowed for annual renewals but our records do not clearly indicate a date of expiration, termination or assignment).
3. Harbor Area Lease dated November 30, 1943 By and between Peter C. Reilly, as lessee, and Port of Seattle, as lessor. The term of this lease is stated as thirty (30) years. Documents in our files indicate that this lease was assigned to an entity referenced therein as "Quendall Terminals" on an unspecified date prior to October 8, 1971, presumably June 15, 1971 which was the date of Respondent's sale of the Site to Quendall Terminals according to that certain Real Estate Contract of the same date mentioned in our response to Item 1(d) above. Note that our files also contains an unexecuted document entitled "Application for Harbor Area Lease" intended to be submitted by Peter C. Reilly to Port of Seattle dated June 21, 1928.

f. Describe the nature of Respondent's business activities at the above mentioned address or within one-half mile of that address.

The facility distilled coal tar and treated wood with creosote.

- g. In relation to your answer to the previous question, identify all materials used or created by your activities at the above mentioned address, including raw materials, commercial products, building debris, and other wastes.**

Raw Materials Used- Coal Tar, Wood

Products- Distillates of coal tar and various pitches, and creosote treated wood

Waste- Wastewater, industrial solid waste, and debris

We have provided electronic copies of documents pertaining to materials used or created by our activities at the Renton address, including raw materials, commercial products, building debris, and other wastes under the folder titled "Materials-1g." This includes MSDS's for materials that may be similar to those that were produced at the Site.

- h. If Respondent, its parent corporation, subsidiaries or other related or associated companies have filed for bankruptcy, provide the following:**
- i. the U.S. Bankruptcy Court in which the petition was filed;**
 - ii. the Docket numbers of such petition;**
 - iii. the date the bankruptcy petition was filed;**
 - iv. whether the petition is under Chapter 7 (liquidation), Chapter 11 (reorganization), or other provision; and**
 - v. a brief description of the current status of the petition.**

N/A

2. Site Activities and Interests

- a. Provide all documents in your possession regarding the ownership or environmental conditions of the property mentioned above, including, but not limited to, copies of deeds, sales contracts, leases, blueprints, "as-builts" and photographs.**

To the extent that documents responsive to question 2a have not been included in those provided to question 1, please refer to the documents provided under the folders titled "Sales Contracts-2a" and "Blueprints-AsBuilts-Photos-2a."

- b. Provide information on the condition of the property when purchase; describe the source, volume, and content of any fill material used during the construction of the buildings, including waterside structures such as seawalls, wharves, docks, or marine ways.**

From the documents provided, it appears that the lake was lowered prior to purchase.

- c. Provide information on past dredging or future planned dredging at this site.**

Vertellus is not aware of any past dredging or future planned dredging at this site.

- d. Provide a brief summary of the activities conducted at the site while under Respondent's ownership or operation. Include process diagrams or flow charts of the industrial activities conducted at the site.**

The coal tar distillery received coal tar and stored it in tanks. It was then distilled to remove water and various fractions (based on boiling point) of the tar. One fraction is generally referred to as creosote oil and another is pitch. The creosote oil was used to treat timber in pressurized cylinders and pitch is a solid. Proceedings from the AWWA (American Wood Preserver's Association) are provided under the folder titled "Site Activities-2d." These pages reflect the creosoting capacity of the plant.

- e. Provide all documents pertaining to sale, transfer, delivery, disposal, of any hazardous substances, scrap materials, and/or recyclable materials to this property.**

We have provided electronic copies of all documents pertaining to the sale, transfer, delivery, and disposal of any hazardous substances under the folder titled "Hazardous Substances/Scrap Material-2e."

- f. Provide all information on electrical equipment used at the facility, including transformers or other electrical equipment that may have contained polychlorinated biphenols (PCBs).**

Vertellus has no information available on electrical transformers or other electrical equipment that may have been used at this site.

- g. Provide information on the type(s) of oils or fluids used for lubrication of machinery or other industrial purposes, and any other chemicals or products which are or may contain hazardous substances which are or were used at the facility for facility operations.**

We have provided electronic copies of documents pertaining to the types of oils or fluids used for lubrication of machinery or other industrial purposes, and any other chemicals or products which may contain hazardous substances under the folder titled "Oils Used-2g."

- h. Provide any site drainage descriptions, plans or maps that include information about storm drainage which includes, but is not limited to, above or below surface piping, ditches, catch basins, manholes, and treatment/detention or related structures including outfalls. If available, also include information about connections to sanitary sewer.**

With respect to past site activities, please provide copies of any stormwater or drainage studies, including data from sampling, conducted at these

properties. Also provide copies of any Stormwater Pollution Prevention or Maintenance Plans or Spill Plans that may have been developed for different operations during the Respondent's occupation of the property.

Any such document that may be responsive to this question has been provided in the folders previously mentioned.

i. Provide all reports of environmental audits, studies or evaluations performed on the site.

We have provided electronic copies of the below documents under the folder titled "Environmental Studies-2i":

1981 Environmental Impact Statement (Draft) – CH2M Hill

1981 Master Plan – Port Quendall PUD CH2M Hill

1983 Baxter Site Investigation – Woodward/Clyde Consultants

1983 Port Quendall Investigation – Woodward/Clyde Consultants

1984 WDOE Report – Jones, Grey & Bayley, P.S.

1986 Quendall Terminals Site Investigation (possible data summary of 1983 Investigation)

1987 GW Quality Assessment Work Plan – Woodward-Clyde Consultants

1992 Lake Washington Sediment PAH Study – State of Washington

3. Information About Others

a. If you have information concerning operations at the Site or the source, content, or quantity of materials placed/disposed of at the Site that is not included in the information you have already provided, provide all such information.

We have provided an electronic copy of the document pertaining to operations at the Site under the folder titled "Environmental Condition Documents-3a."

b. Provide the names and last known address of any tenants or lessees, the dates of their tenancy and a brief description of the activities they conducted while operating on the above mentioned site.

Please see previously referenced documents.

c. If not already included in your response, if you have reason to believe that there may be persons able to provide a more detailed or complete response to any of these questions or who may have additional responsive documents, identify and provide a last known address or phone number of such persons.

None.

- d. **If not already provided, identify and provide a last known address or phone number for all persons, including Respondent's current and former employees or agents, other than attorneys, who have knowledge or information about the generation, use, purchase, storage, disposal, placement, or other handling of hazardous materials at, or transportation of hazardous materials to or from, the Site.**

Respondent is not aware of any current or former employees or other individuals with personal knowledge of the generation, use, purchase, storage, disposal, placement, or other handling of hazardous materials at, or transportation of, hazardous materials to or from, the Site. John Jones, Director of Regulatory Management, and Paul Rivers Ph.D., former Director of Regulatory Management (now retired), have general knowledge about the operations and environmental issues related to this Site. Dr. Rivers' address is 139 Mill Springs, Coatesville, IN 46121-8947.

4. **Financial Information**

- a. **Provide true and complete copies of all federal income tax documents, including all supporting schedules, for 2002, 2003, 2004, 2005, and 2006. Provide the federal Tax Identification Number and, if documentation is not available, explain why in detail.**

Respondent's federal income tax returns for 2002-2006 are provided in the folder titled "Federal Income Tax Documents-4a."

- b. **Provide the Respondent's financial interest in, control, or that the Respondent is beneficiary of any assets (in the U.S. or in another country) that has not been identified in your federal tax returns or other financial information to be presented to EPA. If there are such assets, please identify each asset by type of asset, estimated value, and location.**

Respondent has a 34.65% membership interest in Chattanooga Creek Cleanup Company, a Delaware limited liability company, formed to manage the cleanup of the Tennessee Products Superfund Site in Chattanooga, Tennessee. Respondent contributed \$2,205,197.50 to the LLC. Respondent is a general partner in Solar Aluminum Technology Services, a Utah partnership that has ceased operations of a facility near Wendover, Utah. Respondent owned 50% of the shares of MRM Toluic Company until December 28, 2006 when it purchased the remaining 50% shares. MRM owns a production unit located in Respondent's Indianapolis, Indiana facility, which unit is not currently producing product.

- c. **If Respondent is, or was at any time, a subsidiary of, otherwise owned or controlled by, or otherwise affiliated with another corporation or entity, then describe the full nature of each such corporate relationship.**

Vertellus Specialties Inc. is a wholly owned subsidiary of Vertellus Specialties Holdings Corp. Vertellus Specialties Holdings corp. is a wholly owned subsidiary of VSI Acquisition Corp., and VSI Acquisition corp. is a wholly owned subsidiary of VSI Holdings LLC, a Delaware limited liability company.

5. **Insurance Coverage**

The insurance that may have provided coverage for environmental matters related to this Site has been exhausted. The documents evidencing such exhaustion are subject to confidentiality obligations, which Respondent believes it would breach if it provided details of the documents or copies of documentation related thereto. Respondent would appreciate an opportunity to discuss with the EPA how to comply with its request without breaching its obligations to third parties.

- a. **Provide copies of all property, casualty and/or liability insurance policies, and any other insurance contracts referencing the site or facility and/or Respondent's business operations (including, but not limited to, Comprehensive General Liability, Environmental Impairment Liability, Pollution Legal Liability, Cleanup Cost Cap or Stop Loss Policies). Include, without limitation, all primary, excess, and umbrella policies which could be applicable to costs of environmental investigation and/or cleanup, and include the years such policies were in effect.**

See above.

- b. **If there are any such policies from question b above of which existed, but for which copies are not available, identify each such policy by providing as much information as possible.**

See above.

- c. **Identify all insurance brokers or agents who placed insurance for the Respondent at any time during the period being investigated, as identified at the beginning of this request, and identify the time period during which such broker or agent acted in this regard.**

See above.

- d. **Identify all communication and provide all documents that evidence, refer, or relate to claims made by or on behalf of the Respondent under any insurance policy in connections with the site. Include any responses from the insurer with respect to any claims.**

See above.

- e. **Identify any previous settlements with any insurer in connections with the site, or for any claims for environmental liabilities during the time period**

under investigation. Include any policies surrendered or cancelled by the Respondent or insurer.

See above.

- f. Identify any and all insurance, accounts paid or accounting files that identify Respondent's insurance policies.**

See above.

- g. Identify Respondent's policy with respect to document retention.**

We have provided an electronic copy of our Record Retention policy section with respect to Insurance Coverage under the folder titled "Record Retention-5g."

- 6. Compliance with This Request. Describe all sources reviewed or consulted in responding to this request, including but not limited to:**

- a. the name and current job title of all individuals consulted;**

John R. Jones, Director of Regulatory Management, 300 N. Meridian St. Suite 1500, Indianapolis, IN 46204

Karen Young, Corporate Counsel, 300 N. Meridian St. Suite 1500, Indianapolis, IN 46204

Anne Frye, Vice President & General Counsel, 300 N. Meridian St. Suite 1500, Indianapolis, IN 46204

Trevor Murray, Senior Draftsman of Engineering Dept., 1500 S. Tibbs Ave, Indianapolis, IN 46242

Joyce Marshall, Human Resources, 300 N. Meridian St. Suite 1500, Indianapolis, IN 46204

Rand Brooks, Human Resources, 300 N. Meridian St. Suite 1500, Indianapolis, IN 46204

Keith Might, Contractor, 4549 Clover Lake Drive, Indianapolis, IN 46228

Various Attorneys at Ice Miller LLP, One American Square Suite 3100, Indianapolis, IN 46282

- b. the locations where all documents reviewed are currently kept.**

Vertellus Specialties Inc.
300 N. Meridian St., Suite 1500
Indianapolis, IN 46204

Vertellus Specialties Inc.
1500 S. Tibbs Ave.
Indianapolis, IN 46242

Iron Mountain

6120 Churchman Bypass
Indianapolis, IN 46203